

RECEIVED

APR 10 1995

Before the
FEDERAL COMMUNICATIONS COMMISSION
Washington, D.C. 20554
FEDERAL COMMUNICATIONS COMMISSION
OFFICE OF SECRETARY

In the Matter of)
) RM-8614
Unbundling of Local Exchange)
Carrier Common Line Facilities)

DOCKET FILE COPY ORIGINAL

Comments

Teleport Communications Group Inc. (TCG) submits these comments in response to the above-captioned Petition for Rulemaking (Petition) filed by MFS Communications Company, Inc. (MFS), dated March 7, 1995. In its Petition, MFS requests that the Commission direct Tier 1 local exchange carriers (LECs), excluding NECA pool members, to unbundle the common line (or local loop) element of their interstate switched access services and provide that element to competitive local telephone service providers at cost-based rates.

There are a number of elements necessary for the development of local exchange competition. TCG has developed a list of nine essential prerequisites, and has distributed that list for several years. Unbundled loops, while always one of TCG's nine points and certainly an important element, are in TCG's view, less important today than several other elements.

The most important element for the development of local exchange competition is the establishment of economically viable mutual compensation arrangements for the exchange of local

No. of Copies rec'd
List A B C D E

024
CCB

traffic. Without economically viable carrier-to-carrier arrangements, local competition will not be possible even if all of the other elements, including unbundled local loops, are present.

Close behind viable compensation arrangements in relative importance is the availability of true local number portability. Only when that is available will customers truly have a choice of local service providers. This is an area where the Commission has a substantial role, in order to assure the development of a consistent, national approach to number portability. Prompt issuance of a Notice of Proposed rulemaking on local number portability would represent a visible and important commitment to local competition by this Commission. Regardless of what means is used to reach a customer -- an unbundled LEC loop, a fiber network, a PCS system, or telephony over cable -- number portability will be critical for customers to have true choice. And only true, service provider local number portability will extend choice to customers -- LEC "interim" approaches suffer from such serious technical and economic limitations that they do not provide a viable approach for local switched competition to develop.

Another important area in which the Commission has a necessary role is the implementation of fair and reasonable collocation. Although the Commission has issued orders requiring the filing of collocation tariffs, it still has outstanding long pending investigations into the reasonableness of the prices,

terms and conditions of those tariffs. Attention to those issues is critically important, since unbundled local loops will only be useful if there are effective and fair collocation arrangements available from which to reach those local loops.

Today, unbundled local loops and other unbundled network elements remain important as they are the only means by which to obtain ubiquitous access to all users in an area. On the horizon, however, are other means by which to reach users, such as PCS and telephony delivered over coaxial cable networks. Because those technologies are not available on other than a limited and largely experimental basis in the marketplace today, unbundled LEC loops remain important today as the only means to reach the vast majority of users. For that reason, TCG supports the principle that unbundled local network elements should be made available.

Unbundling the common line element of switched access would enable competitors of LECs, such as TCG, to procure the discrete access element they require-- i.e., the local loop -- to serve their customers. The LECs' current tariffing practices effectively bundle carrier common line, local switching and transport interconnection charges and deters the development of local switched competition. However, by obtaining unbundled loops and combining those facilities with ports and transport facilities, competitive local telephone service providers would have another way to reach end users and an enhanced ability to offer alternatives to the services of the dominant LECs. Indeed,

the state public service commissions in New York, Michigan and Illinois, have confirmed that such unbundling would help foster competition in local services.¹

From a technical standpoint, the unbundling of local loops is entirely feasible because it can be accomplished in essentially the same manner as the interconnection that currently occurs between competitors and LECs through collocation arrangements. The LECs merely need to provide cross-connections between their loop facilities and interconnectors' physically or virtually collocated facilities. These cross-connection arrangements can be made available under the LECs' expanded interconnection tariffs.²

But the Commission must do more than merely issue a general directive that the LECs unbundle their local loops; it must ensure that the unbundled loops are provisioned in a non-discriminatory manner and priced at cost-based rates. The Commission should not allow the LECs to subvert an unbundling instruction through anticompetitive implementation practices. It is therefore essential that the Commission require the LECs to employ the same installation, maintenance and repair standards in providing unbundled loops to their competitors' customers as they employ in providing local loops to their own customers. The Commission should also insist that the LECs implement uniform

1. See Petition at 21.

2. Petition at 5-6.

technical standards governing the interconnection with competitors concerning the provisioning of unbundled loops.³

The Commission must ensure that the LECs price unbundled loops at reasonable levels so that competitors can make reasonable use of those facilities. If the LECs are allowed unfettered pricing discretion, they could thwart any unbundling requirement -- as they have frustrated the Commission's Expanded Interconnection orders -- by charging exorbitant rates and imposing onerous terms and conditions on their competitors. Consequently, it is essential that the Commission adopt explicit and firm policies regarding the pricing of unbundled loops.

Although a Commission order directing the LECs to unbundle their local loops would help diminish some of the existing formidable barriers to competition that the monopoly LECs have erected, the Commission must take further and more substantial actions. Actual competition in local telecommunications services cannot evolve unless the LECs, at a minimum, reasonably price their collocation arrangements, provide true number portability and, most importantly, provide reasonable call completion interconnections. As long as the LECs impose excessive collocation charges on their competitors and deny customers the ability to obtain service from a different service provider without hindrance or inconvenience, the public will continue to be denied the benefits that flow from real competition.

3. See Petition at 35-42.

The Commission must therefore move as swiftly as possible to resolve its pending investigations of the LECs' interim and permanent virtual collocation tariffs and to prescribe reasonable rates and terms for those interconnection arrangements.⁴ The LECs are exploiting the lack of a resolution in these proceedings by pursuing a variety of anticompetitive tactics, which in at least one instance has necessitated the filing by TCG of a formal complaint.⁵ The Commission must therefore definitively and promptly establish reasonable rates and terms for collocation arrangements so that competition can be economically viable.

It is equally imperative that the Commission convene a proceeding without delay for the purpose of compelling the LECs to provide true number portability. The LECs' intransigence to affording their customers the ability to change carriers without changing telephone numbers has extended the "last mile" that must be traversed before competition can become a reality to a point approach infinity. The time is ripe and the need is pressing for the Commission to resolve this vital issue, for without true number portability there can never be actual competition.


4. Ameritech Operating Companies, 9 FCC Rcd 5230 (Com. Car. Bur. 1994); Ameritech Operating Companies, DA 94-1421, CC Docket No. 94-97, released December 9, 1994, Local Exchange Carriers' Rates, Terms, and Conditions for Expanded Interconnection through Virtual Collocation for Special Access and Switched Transport, CC Docket No. 94-97, Order Designating Issues for Investigation, DA 95-374, released February 28, 1995.

5. Teleport Communications - New York v. NYNEX Telephone Companies, File No. E-95-4.

For the foregoing reasons, the Commission should grant MFS' Petition for Declaratory Ruling and take the additional associated actions described in these Comments.

Respectfully submitted,

TELEPORT COMMUNICATIONS GROUP INC.


J. Manning Lee
Vice President, Regulatory Affairs
Two Teleport Drive, Suite 300
Staten Island, N.Y. 10311
(718) 983-2671
Its Attorney

April 10, 1995

CERTIFICATE OF SERVICE

I, Marilyn Owendoff, hereby certify that on this 10th day of April, 1995, copies of the foregoing "COMMENTS" were served by first class United States mail on the following:

Kathleen M.H. Wallman, Esq.*
Chief, Common Carrier Bureau
Federal Communications Commission
1919 M Street, N.W., Room 500
Washington, DC 20554

Andrew D. Lipman, Esq.
Russell M. Blau, Esq.
Swidler & Berlin, Chtd.
3000 K Street, N.W.
Washington, DC 20007

ITS*
1919 M Street, N.W.
Room 246
Washington, DC 20554



Marilyn Owendoff

*Hand Delivered